From: CDFA Legislative and Federal Update
To: COH - Mayor
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Legislative and Federal Affairs Update
October 31, 2017

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CDFA Special Tax Reform Edition

CDFA Continues Advocacy Efforts During Tax Reform
-Tax Reform Legislation Coming Tomorrow-

Tomorrow, November 1, House Republicans will introduce their long awaited tax reform legislation. Few details of what will be included in the tax package are known outside of a small circle of House and Senate tax writers, but speculation about what will and what won't be included has been rampant, both in Washington and around the country. CDFA has spent months working with legislative partners to protect the interests of the development finance industry during tax reform, and based on our work, conversations, and research we expect the following development finance tools to be protected:

- **Tax-Exempt Bonds**
  Multiple sources have indicated that tax-exempt bonds will be preserved by the tax reform legislation. However, the **Unified Framework** released in September does not include any mention of tax-exempt bonds, which leads CDFA to speculate that some bond categories may not make the cut. Regardless of what we learn tomorrow, CDFA will continue to work both independently and through the Municipal Bonds for America coalition to maintain the full preservation of tax-exempt municipal and private activity bonds.

- **Low-income Housing Tax Credit (LIHTC)**
  LIHTC, along with the Research and Development Tax Credit, are the only tax credits explicitly protected under the aforementioned unified framework.

Outside of the Low-income Housing Tax Credit and Tax-Exempt Bonds, many established development finance tools authorized through the tax code are endanger of being eliminated. The programs under threat that CDFA has been tracking include:

- **New Markets Tax Credits**
  The NMTC program, despite significant bipartisan support, was not explicitly protected by the Unified Framework. Nevertheless, the NMTC lobby maintains a **strong** presence on Capitol Hill, and per **Michael Novogradac**, the framework provides "some wiggle room" for tax writing committees to preserve certain tax credit programs. While the NMTC program is in jeopardy, we expect the program to ultimately be preserved.

- **Historic Tax Credits (HTC)**
  According to a recent update from the National Trust for Historic Preservation (NTHP), it is unlikely that the HTC will be included in the final tax reform bill. The NTHP recommends that HTC stakeholders take immediate action and **contact** their legislators, asking them to preserve the HTC. Additional recommendations from the NTHP include:
  - Asking city councils in your respective cities to **pass resolutions** calling on Congress to keep the HTC, and get your local media involved.
  - Invite district staff to **tour your historic districts** and deliver the **national sign-on letter** along with the **state map of projects**.
  - Join a special November 2 webinar at 2:00pm Eastern with Washington lobbyists for reactions to the expected tax reform bill.

Call to Action

CDFA is asking all interested stakeholders to join the CDFA Legislative effort, and help protect essential development finance tools during tax reform. For more information, or to get engaged, contact **Tim Fisher**.

Legislative Features

P3 Legislation Would Grow Economy by $8B

The Public Buildings Renewal Act, a bill supported by CDFA, would provide an economic boost of more than $8 billion in its first year, according to a recent study. The bill would allow private activity bonds to be used in P3 deals to finance public buildings. CDFA's Tim Fisher is quoted in the piece.

Stefanik Introduces Renewable Electricity Tax Credit Equalization Act

Congresswoman Elise Stefanik (R-NY) has introduced the Renewable Electricity Tax Credit Equalization Act, which would extend tax credits for electricity produced from closed-loop biomass, open-loop biomass, geothermal, municipal solid waste, hydropower facilities, and marine and hydrokinetic facilities.

CDFA & Renovate America Defend PACE

CDFA has signed-on to letters authored by a coalition of PACE-industry leaders to defend PACE from detrimental legislative action. The PACE Act of 2017 (H.R. 1958 & S. 838) would limit homeowners' ability to finance energy-efficiency, clean energy, and disaster resiliency improvements to their homes.

Experts Doubt Likelihood of Major Infrastructure Bill

According to expert panelists at a recent SIFMA meeting, Congress is unlikely to pass a major infrastructure spending bill after tax reform.

Tax Reform Implications Mixed for Muni Markets

As Congress focuses on overhauling the tax code, John Hallacy evaluates the potential mixed implications of tax reform for the municipal market.

Upcoming Events

Federal Features

Recent EDA Investments In MO & WV Support Manufacturing

The EDA has made recent investments in both Missouri and West Virginia that will support, respectively, the development of a manufacturing incubator facility and the expansion of a publicly owned manufacturing facility.

Join the EPA for WIFIA Information Sessions

The WIFIA program is getting ready to host another round of information sessions—both in-person and via webinar-- over the next few months. The next information session will be on November 8 in Denver, CO.

Clearinghouse CDFI Awarded $1M for Native American Finance

Clearinghouse CDFI will match the $1 million and leverage the funds fivefold to deploy $10 million throughout Indian Country over the next three years. This includes Native American reservations, trust lands, and other Native American communities in the Western United States.

SBA Approves Record $869M in Loans to NJ Small Business
The U.S. Small Business Administration approved a record $869 million in loans to New Jersey small business owners during the agency's fiscal year 2017 (the period from Oct. 1, 2016 thru Sept. 30, 2017). Nationally SBA approved over 68,000 loans for over $30 billion, during the past year.

New Tool Launched to Track CDFI, NMTC, and LIHTC Investment Data
The Community Investment Explorer aggregates customizable data from the Community Development Financial Institution (CDFI), New Markets Tax Credit (NMTC) and Low Income Housing Tax Credit (LIHTC) programs to show geographic comparisons and trends over time.

Federal Financing Clearinghouse Spotlight

CDFA's **Federal Financing Clearinghouse** is the only online resource cataloging the development finance programs offered by the federal government. Check out our featured agencies and programs below. **>>> Learn More**

Agency Seal

U.S. Citizenship and Immigration Services (USCIS)

EB-5 Immigrant Investor Program
Congress created the EB-5 Program in 1990 to stimulate the U.S. economy through job creation and capital investment by foreign investors. In 1992, Congress created the Immigrant Investor Program,...

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U.S. Dept. of Agriculture (USDA)

Rural Business Investment Program
Rural Business Investment Program provides a Rural Business Investment Company (RBIC) license to newly formed venture capital organizations to help meet the equity capital investment needs in rural...

Agency Seal

U.S. Dept. of Commerce (DOC)

Manufacturing Extension Partnership (MEP)
The objective of the Department of Commerce's (DOC) National Institute of Standards and Technology (NIST) Manufacturing Extension Partnership (MEP) Program is to increase productivity, enhance...

The Council of Development Finance Agencies is a national association dedicated to the advancement of development finance concerns and interests. CDFA is comprised of the nation's leading and most knowledgeable members of the development finance community representing public, private and non-profit entities alike. For more information visit CDFA.net or email info@cdfa.net

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